



RE: Pembroke Update: Coronavirus/Covid-19 Implications

Over the last two weeks, global financial markets have been subjected to significantly increased volatility, including in some cases the most rapid decline in values since the 2008 financial crisis. We understand that these circumstances have significant implications for many investors and we would like you to know that we are always available to those of you seeking information or other assistance as you navigate current conditions.

While the real estate loan portfolios that Pembroke manages have not been directly impacted by abrupt swings in the broader markets, we pay serious attention to changes in macroeconomic and political circumstances and we thought you would appreciate an update of our views regarding the asset class in which we invest.

As you are aware, Pembroke's funds invest in mortgage loans and, to a lesser extent, mezzanine loans and preferred equity investments. Our lending focus is primarily affordable multifamily housing. Multifamily housing, and in particular affordable multifamily housing, is viewed as a defensive asset class during economic downturns. Affordable multifamily housing benefits from demonstrated excess demand. In addition, this supply/demand imbalance tends to increase during difficult economic times as tenants seek less expensive options. Therefore, we would expect the credit characteristics of our portfolio to remain resilient during a brief or extended economic downturn. Given our assessment that the market for affordable multifamily rental housing remains robust and that demand will continue to outstrip supply, we remain confident that our strategy will continue to be uncorrelated to other asset classes.

In addition to the quality of the underlying collateral for our investments, loan terms are an important consideration. Our loans are generally short-term and floating rate. While credit spreads can be expected to widen as markets become more volatile, our portfolio of loans should not be materially impacted due to their floating rate and short term. As such, we do not believe that anything has occurred that would materially alter the current valuations of our fund's investments.

From an operational standpoint, Pembroke has a well-established business continuity plan, which includes the ability of our employees to work off-site if necessary. We do not anticipate any major disruptions to Pembroke's daily business operations, although we continue to actively monitor the situation associated with the coronavirus/Covid-19.

We encourage to reach out to us with any questions you may have and we will provide updates as circumstances warrant.

Sincerely,

The Pembroke Management Team
212-906-8680
info@pembrookgroup.com